

**BEFORE**

**THE PUBLIC SERVICE COMMISSION OF**

**SOUTH CAROLINA**

**DOCKET NO. 2019-226-E - ORDER NO. 2020-\_\_**

**NOVEMBER 9, 2020**

IN RE:

South Carolina Energy Freedom Act	)	<b>PROPOSED ORDER ON</b>
(House Bill 3659) Proceeding Related	)	<b>DOMINION ENERGY</b>
to S.C. Code Ann. Section 58-37-40	)	<b>SOUTH CAROLINA,</b>
and Integrated Resource Plans for	)	<b>INCORPORATED'S 2020</b>
Dominion Energy South Carolina,	)	<b>INTEGRATED RESOURCE</b>
<u>Incorporated</u>	)	<b>PLANS</b>

I. Background and Jurisdiction of the Commission

This matter comes before the Public Service Commission of South Carolina (the "Commission") based on the provisions of S.C. Code Ann. §58-37-40 (2019). In May 2019, the South Carolina General Assembly passed the South Carolina Energy Freedom Act, ("Act 62" or the "Act"), which impacted South Carolina Electrical Utilities' annual Integrated Resource Plans ("IRPs") that are filed with the Commission.<sup>1</sup> Act 62, the new amendments to the South Carolina Energy Freedom Act, not only applies to South Carolina's electrical investor owned utilities,<sup>2</sup> but also to electric cooperatives, municipally-owned electric utilities, and the South Carolina Public Service Authority, which all are required to prepare an IRP every 3 years.<sup>3</sup>

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<sup>1</sup> House Bill 3659, R. 82 was signed into law by South Carolina's Governor Henry McMaster on May 16, 2019, as Act 62.

<sup>2</sup> Dominion Energy South Carolina, Incorporated, Duke Energy Carolina, LLC, Duke Energy Progress, LLC and Lockhart Power Company.

<sup>3</sup> Only the regulated utilities file their IRPs with the Commission.

Act 62 as codified at S.C. Code Ann. §58-37-40(B)(1) states that an IRP shall include the following:

- (a) a long-term forecast of the utility's sales and peak demand under various reasonable scenarios;
- (b) the type of generation technology proposed for a generation facility contained in the plan and the proposed capacity of the generation facility, including fuel cost sensitivities under various reasonable scenarios;
- (c) projected energy purchased or produced by the utility from a renewable energy resource;
- (d) a summary of the electrical transmission investments planned by the utility;
- (e) several resource portfolios developed with the purpose of fairly evaluating the range of demand-side, supply-side, storage, and other technologies and services available to meet the utility's service obligations. Such portfolios and evaluations must include an evaluation of low, medium, and high cases for the adoption of renewable energy and cogeneration, energy efficiency, and demand response measures, including consideration of the following:
  - (i) customer energy efficiency and demand response programs;
  - (ii) facility retirement assumptions; and
  - (iii) sensitivity analyses related to fuel costs, environmental regulations, and other uncertainties or risks;
- (f) data regarding the utility's current generation portfolio, including the age, licensing status, and remaining estimated life of operation for each facility in the portfolio;
- (g) plans for meeting current and future capacity needs with the cost estimates for all proposed resource portfolios in the plan;
- (h) an analysis of the cost and reliability impacts of all reasonable options available to meet projected energy and capacity needs; and

(i) a forecast of the utility's peak demand, details regarding the amount of peak demand reduction the utility expects to achieve, and the actions the utility proposes to take in order to achieve that peak demand reduction.

S.C. Code Ann § 58-37-40 (C)(1) (2019) directs the Commission to hold a proceeding to review each electrical utility's IRP, and as part of the IRP filings the Commission shall allow intervention by interested parties. The Commission is also tasked with establishing a procedural schedule to permit reasonable discovery after an IRP is filed which will assist parties with obtaining evidence concerning the IRP, including the reasonableness and prudence of the plan and alternatives to the plan raised by intervening parties.

On June 12, 2019, during its weekly business meeting the Commission voted to have the four jurisdictional electric utilities<sup>4</sup>, the ORS, and other interested parties provide commentary or proposed IRP procedural schedules relating to the filing date for IRP, hearing date, prefile testimony dates, intervention dates, and any other important matters pertaining to the filing of IRP.

The Commission's decision to request comments from the four jurisdictional electric utilities, ORS, and other interested parties prompted the Chief Clerk/Executive Director of the Commission (the "Clerk") to send a letter to counsel for the ORS and the jurisdictional electric utilities ("utilities") requesting each to provide commentary on proposed IRP procedural schedules pursuant to S.C. Code Ann § 58-37-40.<sup>5</sup> The parties were requested to focus their comments on IRP procedural guidelines such as the filing date, hearing date(s), and any other dates in which the parties found to be relevant. The Clerk requested that the parties' file their comments with the Commission on or before June 19, 2019.<sup>6</sup>

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<sup>4</sup> See the Clerk's letter dated June 13 2019, in Docket No. 2019-226-E.

<sup>5</sup> Id.

<sup>6</sup> Id.

A. Notice and Intervention

In a letter dated June 17, 2019, Dominion Energy South Carolina, Incorporated (“DESC”) addressed the Commission’s request for the utilities, ORS, and other interested parties to file proposed procedural schedules related to the implementation of S.C. Code Ann. § 58-37-40, and each utility's IRP.<sup>7</sup> DESC clarified in its letter that on February 8, 2019, in Docket No. 2019-9-E, the Company had filed its 2019 IRP, and according to S .C. Code Ann.§ 58-37-40 electrical utilities were required to submit a comprehensive IRP once every three years. Therefore, DESC’s was not required to further update its 2019 IRP to comply with the requirements of 2019 Act No. 62.

In its June 17, 2019 letter, DESC addressed its intentions to follow its historical practice to update its IRP in February of each year, and proposed to file an updated IRP in compliance with the requirements of the newly enacted S.C. Code Ann.§ 58-37-40(A) on February 28, 2020.<sup>8</sup>

DESC also addressed the suggestion of certain interested parties for the Commission to initiate a generic proceeding for the purpose of establishing guidelines to be used by the utilities in preparing and filing their IRPs prior to Commission review.<sup>9</sup> Act 62 establishes detailed and specific guidelines regarding IRPs to be filed by electric utilities.<sup>10</sup> The Act also sets forth a comprehensive procedure by which the Commission, ORS, and other interested parties can review the proposed IRP to determine whether the electric utility complied with the statutory criteria adopted by

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<sup>7</sup> See DESC’s letter dated June 17, 2019 in Docket No. 2019-226-E.

<sup>8</sup> Id.

<sup>9</sup> See DESC’s letter dated June 17, 2019 in Docket No. 2019-226-E.

<sup>10</sup> See S.C. Code Ann. § 58-37-40(B)(l).

the South Carolina General Assembly in S.C. Code Ann. §58-37-40(C).<sup>11</sup> DESC stated that the requirements and procedures provide in the Act provided ample guidance to determine the sufficiency of IRPs filed by utilities, therefore, establishing a separate proceeding to establish further guidelines was neither required nor warranted by Act 62 (2019).<sup>12</sup>

On December 30, 2019, the Clerk's office sent all counsel of record in Docket No. 2019-226-E a Notice of Generic Workshop On Filing Requirements For Integrated Resource Plans ("Notice").<sup>13</sup> The Notice stated, "The Public Service Commission of South Carolina (the Commission) will be conducting a Generic Workshop related to the filing requirement for Integrated Resource Plans and the Commission would like to hear from interested stakeholders regarding suggestions for filing requirements for Integrated Resource Plan."<sup>14</sup> Interested stakeholders that wished to present a presentation at the January 30<sup>th</sup> workshop were instructed in the Notice to notify the Commission in writing by January 22, 2020 of such and to include a brief overview of its presentation.

On January 21, 2020 DESC sent a letter to the Commission voicing its concerns regarding the Notice it received on December 30, 2019 stating the Commission would be holding a generic workshop on January 30, 2020 for interested stakeholders to provide comments on procedural guidelines pertaining to how electric utilities were to

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<sup>11</sup> See DESC's letter dated June 17, 2019 in Docket No. 2019-226-E.

<sup>12</sup> Id.

<sup>13</sup> See the Notice Of Generic Workshop On Filing Requirements For Integrated Resource Plans in Docket No. 2019-226-E.

<sup>14</sup> See the Notice Of Generic Workshop On Filing Requirements For Integrated Resource Plans in Docket No 2019-226-E.

file their IRP with the Commission beginning in 2020. DESC expressed to the Commission that the Company appreciated the Commission's desire to advance its understanding of the electric utilities' IRP filings required under S.C. Code Ann. § 58-37-40,<sup>15</sup> however, it concerned DESC that participation in a scheduled workshop may put the workshop participants and the Commission at risk of non-compliance with the ex parte communication rules set forth in S.C. Code Ann. § 58-3-260 et seq.<sup>16</sup>

In accordance with S.C. §58-3-260(B), "Except as otherwise provided herein or unless required for the disposition of ex parte matters specifically authorized by law, a commissioner, hearing officer, or commission employee shall not communicate, directly or indirectly, regarding any issued that is an issue in any proceeding or can reasonably be expected to become an issue in any proceeding with any person without notice and opportunity for all parties to participate in the communication, nor shall any person communicated, directedly or indirectly, regarding any issue that is an issue in any proceeding or can be reasonably be expected to become an issue in any proceeding with any commissioner, hearing officer, or commission employee without notice and opportunity for all parties to participate in the communication."

DESC also informed the Commission that the Company was not planning to attend its generic workshop on January 30, 2020.<sup>17</sup>

On January 22, 2020 the Commission issued Order No. 2020-63 canceling the January 30, 2020 workshop and instead requested interested parties to file their

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<sup>15</sup> See DESC's letter dated January 21, 2020 in Docket No. 2019-226-E.

<sup>16</sup> Id.

<sup>17</sup> Id.

comments pertaining to IRP filing procedures by January 30, 2020, along with their suggestions on how to proceed with next step of process.<sup>18</sup>

On January 30, 2020, DESC filed its comments pertaining to the Commission Order No. 2020-63, issued by the Commission on January 22, 2020.<sup>19</sup> DESC reiterated its intentions on filing its 2020 IRP with the Commission on February 28, 2020. DESC stated, “It is indisputable that DESC has been clear with the Commission as well as other interested parties that the Company intends to file its IRP on **February 28, 2020**.”<sup>20</sup> In response to the Commission’s request in Order No. 2020-63 for interested parties to provide suggestions for the next steps in the IRP filing process, DESC suggested the Commission’s next step be to follow its customary practice of issuing a Notice of Filing after DESC filed its IPR, with the Notice of Filing including a deadline date for interested persons to intervene in the proceeding, and once actual interested parties are known to then have those parties assist with establishing a procedural schedule to include the discovery and comment deadline dates.<sup>21</sup>

CCL and SACE also filed comments on January 30, 2020 pursuant to Commission’s Order no. 2020-63, and stated it was their belief that Act 62 vested the Commission with the authority and duty to implement further guidance on IRP filing requirements, and that it’s appropriate for the Commission to use a generic docket to solicit recommendations from interested parties and to provide guidance to electric

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<sup>18</sup> See Commission Order No. 2020-63 in Docket No. 2019-226-E.

<sup>19</sup> See DESC letter dated January 30, 2020 in Docket No. 2019-226-E.

<sup>19</sup> Id.

<sup>20</sup> Id.

<sup>21</sup> Id.

utilities on the development of their IRPs.<sup>22</sup> Other interested parties filed comments pursuant to the Commission's request in Order No. 2020-636 on January 30, 2020.<sup>23</sup>

On February 17 2020, SCSBA sent a letter to the Commission requesting that the Commission not allow DESC to prematurely file its 2020 IRP, and expressed the need for the Commission to open a generic docket.<sup>24</sup>

The Commission issued Order No. 2020-158 denying the request that SCSBA's made in its February 17, 2020 letter to the Commission. In its order the Commission stated, "Upon review of the comments regarding the implementation of the IRP requirements of Act 62, I move that we deny the request for a generic docket. Such action will result in the filing by Dominion Energy South Carolina of its annual updated Integrated Resource Plan on February 28, 2020 without delaying the implementation of the Act 62 requirements. Once the utility files its IRP, parties shall have the opportunity to participate and be heard in this matter, including any discovery issues related to evaluation and review of the IRP."<sup>25</sup>

On February 28, 2020, DESC filed its 2020 IPR with the Commission in this Docket No. 2019-226-E. During the discovery process, DESC filed a letter with the Commission correcting certain typos in its 2020 IRP,<sup>26</sup> no substantial changes occurred.

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<sup>22</sup> See CCL and SACE's letter dated January 30, 2020 in Docket No. 2019-226-E.

<sup>23</sup> See SCSBA and JDA's letter dated January 30, 2020 in Docket No. 2019-226-E.

<sup>24</sup> See SCBA's February 17, 2020 letter in Docket No. 2019-226-E.

<sup>25</sup> See Commission's Order No. 2020-158 in Docket No. 2019-226-E.

<sup>26</sup> See DESCs letter dated May 29, 2020 in Docket No. 2019-226-E.



As part of the discovery process in an IRP filing, the Commission shall allow intervention by interested parties. *See* S.C. Code Ann § 58-37-40 (C)(1) (2019). Throughout various times in DESC’s 2020 IRP filing proceeding, four interested parties filed Petitions to Intervene with the Commission.

The first Petition to Intervene filed in DESC’s 2020 IRP was filed with the Commission by the South Carolina Solar Business Alliance, Inc. (“SCSBA”) on June 14, 2019. SCSBA based its interest to intervene in the proceeding on the fact that its Board Members were individuals that conducted solar energy-related business in South Carolina, and the proceeding outcome may have a fiscal impact on SCABA, specifically its trade members as they conduct business with DESC. The Commission issued Order No. 2019-471 in Docket No. 2016-226-E, which granted SCABA’s Petition to Intervene.<sup>27</sup>

South Carolina Coastal Conservation League (“CCL”) and Southern Alliance for Clean Energy (“SACE”) filed its Petition to Intervene with the Commission on August 19, 2019. CCL and SACE’s interest to intervene in DESC’s 2020 IRP proceeding pertain to their organizations advocating for utility’s IRPs to evaluate resource alternatives, and results in a low-cost, reliable portfolio of supply and demand-side resources with minimal harm to the environment and costs to ratepayers.<sup>28</sup> CCL and SACE’s Petition to Intervene was granted by the Commission in Order No. 2019-646.<sup>29</sup>

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<sup>27</sup> See SCSBA’s Petition to Intervene and Commission Order No. 2019-471 in Docket No. 2019-226-E.

<sup>28</sup> See CCL and SACE’s Petition to Intervene in Docket No. 2019-226-E.

<sup>29</sup> See Commission Order No. 2019-646 in Docket No. 2019-226-E.

On August 20, 2019, Johnson Development Associates, Incorporated (“JDA”) filed a Petition to Intervene on the grounds that it wished to advocate for an IPR that evaluate resource alternatives which resulted in a low-cost, reliable portfolio of supply-and demand-side resources.<sup>30</sup> JDA’s Petition to Intervene was granted in Commission Order No. 2019-643.<sup>31</sup>

The Sierra Club filed its Petition to Intervene with the Commission on March 24, 2020. Sierra Club has more than 6,920 members who live in South Carolina, with many of its members being DESC customers. The Sierra Club and its members have a direct and substantial interest in this proceeding, because they will be directly impacted by DESC’s 2020 IRP and the costs associated with implementing that plan.<sup>32</sup> The Commission granted Sierra Club’s Petition to Intervene in Order No. 2020-302.<sup>33</sup>

## II. Discussion of the Hearing and Conclusions

The merits hearing was held in a virtual setting on October 12, 2020 due to COVID-19 with the Honorable Justin T. Williams presiding as Chairman. Representing Dominion Energy South Carolina, Incorporated and appearing before this Commission in this Docket was Belton T. Ziegler, Esquire, K. Chad Burgess, Esquire, and Matthew W. Gissendanner, Esquire. Representing The South Carolina Office of Regulatory Staff and appearing before this Commission in this Docket was Jeffrey M. Nelson, Esquire, and Andrew M. Bateman, Esquire. Representing South Carolina Solar Business Alliance, Incorporated and appearing before this Commission in this Docket was Richard L. Whitt, Esquire, Benjamin L. Snowden, Esquire and James H. Goldin,

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<sup>30</sup> See JDA’s Petition to Intervene in Docket No. 2019-226-E.

<sup>31</sup> See Commission Order No. 2019-643 in Docket No. 2019-226-E.

<sup>32</sup> See Sierra Club’s Petition to Intervene in Docket No. 2019-226-E.

<sup>33</sup> See Commission Order No. 2020-302 in Docket No. 2019-226-E.

Esquire. Representing South Carolina Coastal Conservation League and Southern Alliance for Clean Energy and appearing before this Commission in this Docket was Christopher K. DeScherer, Esquire, Katherine Nicole Lee, Esquire, Frank S. Holleman, III, Esquire, and Gudrun Elise Thompson, Esquire. Representing Johnson Development Associates, Incorporated and appearing before this Commission in the Docket was Weston Adams, III, Esquire and Courtney E. Walsh, Esquire. Representing Sierra Club and appearing before this Commission in this Docket was Dorothy E. Jaffe, Esquire and Robert Guild, Esquire.

A. DESC Testimony

On June 4, 2020 DESC witnesses' Eric H. Bell, Joseph M. Lynch, Theresa A. Griffin and James W. Neely filed their direct testimony with the Commission in Docket No. 2029-226-E.

Witness Bell is the Manager of Economic Resource Commitment with DESC. The purpose of witness Bell's testimony, "is to sponsor DESC's 2020 IRP ("2020 IRP") into evidence and provide an overview concerning its goals, preparation, contents, methodologies, and key conclusions."<sup>34</sup> In his testimony, he also provided a brief introduction of the Company's witnesses' Therese Griffin, James W. Neely, and Joseph M. Lynch, Ph.D. who also provided testimony on behalf of DESC in this proceeding.

Witness Lynch is the Manager of Resource Planning and he is responsible for managing the department that produces DESC's forecast of energy, peak demand, and revenue and he is also responsible for overseeing the Company's

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<sup>34</sup> See Eric Bells Direct Testimony, (page 2, lines 15-17) in Docket No. 2019-226-E.

load research program.<sup>35</sup> The purpose of witness Lynch's testimony was to discuss the energy and peak demand forecast and the forecast scenarios included in DESC's 2020 Integrated Resource Plan and the development of DESC's reserve margin policy.<sup>36</sup>

DESC's witness Griffin is the Manager of Energy Efficiency and Demand Management and in this position she leads planning and implementation of the Company's residential, commercial and industrial demand-side management and energy efficiency programs, she is also responsible for integrating the Company's energy efficiency efforts with its renewable energy programs and customer assistance department.<sup>37</sup> Witness Griffin's testimony provides, "an overview of DESC's current suite of DSM programs and the customer energy efficiency measures and demand response ("DR") measures from those programs that were considered in formulating the integrated resource plan ("IRP") that the Commission is reviewing for statutory compliance in this docket. I discuss the history of those programs and the results achieved under them. I will also update the Commission on the changes in those programs since their approval in 2019, including changes related to the COVID-19 pandemic. Specifically, my testimony discusses the DSM programmatic inputs used to meet the statutory requirement that an IRP is to include consideration of energy

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<sup>35</sup> See Joseph M. Lynch's Direct Testimony, (page 1, lines 9-11) in Docket No. 2019-226-E.

<sup>36</sup> Id.(page 2, lines 13-15).

<sup>37</sup> See Therese Griffin's Direct Testimony, (page 2, lines 8-13)in Docket No. 2019-226-E.

efficiency and demand management programs as set forth in S.C. Code Ann. §§ 58-37-19 40(B)(1)(e)(i) and 58-37-40(B)(1)(i).”<sup>38</sup>

Witness James W. Neely is a Senior Resource Planning Engineer and is responsible for modeling DESC’s electric system for the purpose of calculating avoided costs, determining the least cost resource plan, forecasting fuel costs, and evaluating changes to electric generation.<sup>39</sup> The purpose of witness Neely’s testimony was to discuss the resource plans that were analyzed in the DESC 2020 IRP.<sup>40</sup>

B. Sierra Club Testimony

Sierra Club’s expert witness Derek P. Stenclik is the President of Telos Energy, Inc. which is an analytics and technology company that specializes in grid planning and technologies that enable renewable integration.<sup>41</sup> The purpose of witness Stenclik’s testimony was to review and evaluate various components of DESC’s 2020 IRP, and discuss alternative assumptions that should be used in DESC’s long-term planning, identify risks of continued coal operation, provide alternative resource plans to the ones proposed by DESC, and recommend the Commission take actionable steps to retire coal generation and replace it with modern, clean, and flexible technologies.<sup>42</sup>

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<sup>38</sup> See Therese Griffin’s Direct Testimony, (page 3, lines 8-19) in Docket No. 2019-226-E.

<sup>39</sup> See James W. Neely’s Direct Testimony, (page 1, lines 6, and lines 9-11) in Docket No. 2019-226-E.

<sup>40</sup> Id. (page 2, lines 12-13).

<sup>41</sup> See Derek Stenclik’s Direct Testimony, (page 1, line 1 and lines 6-7) in Docket No. 2019-226-E.

<sup>42</sup> Id. (page 3, lines 2-8).

C. SCSBA Testimony

SCSBA's expert witness Kenneth Sercy is an independent electric sector consultant.<sup>43</sup> Witness Sercy's testimony reviews DESC's 2020 IRP, with a focus on compliance with Act 62 and adherence to industry best practices for long-term resource planning. Witness Sercy identifies numerous flaws in the development of the Company's IRP and make recommendations for correcting those flaws to ensure the 2020 IRP identifies the most reasonable and prudent plan for meeting DESC's customer demand moving forward. He also makes recommendations for improving the Company's planning process in future years."<sup>44</sup>

D. SACE and CCL Testimony

The testimonies of David Hill and Anna Sommer were filed on behalf of SACE and CCL in this proceeding.

David Hill is a managing consultant with Energy Futures Group, Inc.<sup>45</sup> The purpose of witness Hill's testimony was to describe the results of his review and analysis of the DESC's 2020 Integrated Resource Plan. Witness Hill evaluated whether DESC used reasonable assumptions and methodologies in its 2020 IRP, based on his experience working in other jurisdictions, knowledge of industry standards, technological developments, and best available data and information.<sup>46</sup>

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<sup>43</sup> See Kenneth Sercy's Direct Testimony, (page 1, line 3) in Docket No. 2019-226-E.

<sup>44</sup> Id. (page 2, lines 13-18).

<sup>45</sup> See David Hill Direct Testimony, (page 2, line 3) in Docket No. 2019-226-E.

<sup>46</sup> Id. (page 5, lines 15-21) in Docket No. 2019-226-E.

Expert witness Anna Sommer is a Principal at Energy Future Group, and provided testimony which evaluated the extent to which DESC's 2020 IRP met South Carolina's standards for IRPs and comports with common IRP practices in other jurisdictions. She provided her assessment as to whether DESC's 2020 IRP, as filed, had the elements set forth in Act 62 and if it served intended purposes of integrated resource planning.

Witness Sommer's also discussed in her testimony her conclusions regarding DESC's IRP and why her conclusions often diverged from those provided by Charles River Associates in its review of the 2020 IRP.<sup>47</sup>

#### E. ORS Testimony

ORS's witnesses' Anthony Sandonato, Philip Hayet, Stephen J. Barron and Lane Kollen's all prepared and filed testimony with the Commission in this proceeding.

Witness Anthony Sandonato is employed by the ORS as a Senior Regulatory Manager. Witness Sandonato's testimony set forth and supported ORS's recommendations resulting from the examination and review of DESC's 2020 IRP and associated filings in this docket to determine if DESC's 2020 IRP met compliance with certain sections of Act 62.

ORS retained the consulting services of J. Kennedy and Associates, Inc. to assist the ORS in its review and analysis of the Company's IRP.<sup>48</sup>

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<sup>47</sup> See Anna Sommer's Direct Testimony, (page 3, lines 22-23, and page 4 lines 1-5, 7, 10) in Docket No. 2019-226-E.

<sup>48</sup> See Anthony Sandonato's Direct Testimony, (page 1, line 13, and page 2, lines 10-16) in Docket No. 2019-226-E.

Expert Witness Philip Hayet is a Vice President and Principal of J. Kennedy and Associates, Inc. and provided testimony that described Kennedy and Associates' review of DESC's 2020 IRP, including the assessment of the Company's compliance with the statutory requirements of S.C. Code Ann. Section 58-37-40 ("Section 40"), as amended by the South Act 62.<sup>49</sup>

Expert Witness Stephen J. Barron is the President and a Principal of J. Kennedy and Associates, Inc. In witness Barron's testimony, he discussed his review of DESC's 2020 IRP, and assessment whether the Company's IRP was compliance with the statutory requirements of S.C. Code Ann. Section 58-37-40 ("Section 40"), as amended by Act. 62.<sup>50</sup>

Expert Witness Lane Kollen is a Vice President and a Principal of J. Kennedy and Associates, Inc. The purpose of Witness Kollen's testimony was to describe his role in assisting ORS in its review of DESC's 2020 IRP, including an assessment of the Company's compliance with the statutory requirements set forth in S.C. Code Ann. Section 58-37-40 ("Section 40"), as amended by Act 62.<sup>51</sup>

When reviewing DESC's 2020 IRP, ORS relied on the requirements provided in S.C. Code Ann. §58-37-40(B)(1) (Rev. 2019), that requires an IRP for an electrical utility to include the following:

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<sup>49</sup> See Philip Hayet's Direct Testimony, (page 2, lines 19-21 and page 3, lines 1-2) in Docket No. 2019-226-E.

<sup>50</sup> See Stephen J. Barron's Direct Testimony, (page 1, lines 11-12; page 2, lines 20-23 and page 3, line 1) in Docket No. 2019-226-E.

<sup>51</sup> See Lane Kollen's Direct Testimony, (page 1, line 12 and page 3, lines 1-5) in Docket No. 2019-226-E.



(a) a long-term forecast of the utility's sales and peak demand under various reasonable scenarios;

(b) the type of generation technology proposed for a generation facility contained in the plan and the proposed capacity of the generation facility, including fuel cost sensitivities under various reasonable scenarios;

(c) projected energy purchased or produced by the utility from a renewable energy resource;

(d) a summary of the electrical transmission investments planned by the utility;

(e) several resource portfolios developed with the purpose of fairly evaluating the range of demand-side, supply-side, storage, and other technologies and services available to meet the utility's service obligations. Such portfolios and evaluations must include an evaluation of low, medium, and high cases for the adoption of renewable energy and cogeneration, energy efficiency, and demand response measures, including consideration of the following:

(i) customer energy efficiency and demand response programs;

(ii) facility retirement assumptions; and

(iii) sensitivity analyses related to fuel costs, environmental regulations, and other uncertainties or risks;

(f) data regarding the utility's current generation portfolio, including the age, licensing status, and remaining estimated life of operation for each facility in the portfolio;

(g) plans for meeting current and future capacity needs with the cost estimates for all proposed resource portfolios in the plan;

(h) an analysis of the cost and reliability impacts of all reasonable options available to meet projected energy and capacity needs; and,

(i) a forecast of the utility's peak demand, details regarding the amount of peak demand reduction the utility expects to achieve, and the actions the utility proposes to take in order to achieve that peak demand reduction.”<sup>52</sup>

At the behest of ORS, J. Kennedy and Associates prepared a report entitled, Review of Dominion Energy South Carolina, Inc. 2020 Integrated Resource Plan (the “Report”)<sup>53</sup> which included findings, conclusions, and recommendations. A copy of the Report is attached to ORS witness Sandonato’s direct testimony as his Exhibit AMS-1.<sup>54</sup>

The recommendations related to the Company’s load and energy forecasts, generic resource profiles, production cost and revenue requirements modeling, and assumptions relied on to develop the resource plans (“RPs”) and the resulting comparison metrics. Many of the recommendations made within the Report were concerns and errors which ORS recommended that DESC correct by modifying its IRP in this proceeding.<sup>55</sup> These recommendations were designated with an “N” to indicate the Company should act immediately to modify the IRP. The other recommendations are no less important, however the ORS recognizes that the implementation and use of new modeling tools and methodologies will require additional time and cannot reasonably be accomplished in this proceeding.<sup>56</sup> These recommendations are designated with an “L” to

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<sup>52</sup> See Anthony Sandonato’s Direct Testimony (page 3, lines 3-38) in Docket No. 2019-226-E.

<sup>53</sup> Id. (page 2, lines 2-3 ).

<sup>54</sup> See Exhibit AMS-1 of Anthony Sandonato’s Direct Testimony in Docket No. 2019-226-E.

<sup>55</sup> See Review of Dominion Energy South Carolina, Inc. 2020 Integrated Resource Plan Report (page 3) in Docket No. 2019-226-E.

<sup>56</sup> Id. (page 3).

indicate DESC should incorporate the recommendation in the next annual update IRPs in 2021 and 2022 or in the next comprehensive IRP in 2023 at the latest.<sup>57</sup>

DESC's witness Bell in his rebuttal testimony stated the purpose his rebuttal testimony was to respond to the direct testimony of the ORS, SCSBA, the Sierra Club, SCCCL, and SACE.<sup>58</sup> Witness Bell stated that, "In many cases, these witnesses suggested changes to Dominion Energy South Carolina, Inc.'s 2020 Integrated Resource Planning Report ("2020 IRP") to address what they have identified as errors, inconsistencies or potential improvements to the plan."<sup>59</sup>

Witness Bell also testified DESC agreed in whole or in part with most of the suggested changes, and in the instances where it was practical to make the changes in its 2020 IRP, the Company had done so.<sup>60</sup> Witness Bell also responded to the changes or improvements that were suggested to be made in future IRP filings. He stated, "In all or nearly all cases, these are changes the Company is willing to consider in consultation with ORS and the other parties as it prepares future IRPs or IRP updates."<sup>61</sup> However, in certain cases, DESC found that the suggestions or critiques, while well-intentioned, were misaligned with DESC's electric system, its reliability commitments, the planning and modeling methodology used, or the relevant data.<sup>62</sup>

Witness Bell stated, "Our goal has been to address as many of the important and relevant suggestions and criticisms as we can while primarily focusing on the changes recommended in the report issued by J. Kennedy and Associates on behalf of the ORS ("ORS Report")."<sup>63</sup>

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<sup>57</sup> See Review of Dominion Energy South Carolina, Inc. 2020 Integrated Resource Plan Report (page 3) in Docket No. 2019-226-E.

<sup>58</sup> See Eric Bell's Rebuttal Testimony (page 1, lines 10-12) in Docket No. 2019-226-E.

<sup>59</sup> Id. (page 2, lines 3-6).

<sup>60</sup> Id. (page 2, lines 7-9).

<sup>61</sup> Id. (page 2, lines 13-15).

<sup>62</sup> Id. (page 2, lines 19-21).

<sup>63</sup> Id (page 3, lines 4-7).

Exhibit No.\_\_\_\_ (EHB-3) of witness Bell's rebuttal testimony is the IRP Supplement that is a revised version of Section II.B.5 of DESC's 2020 IRP. The IRP Supplement presents the results of revising the IRP models to include the 13 suggested changes recommended by the ORS and other parties. The IRP Supplement also provides additional charts and tables as requested by ORS in its testimony.<sup>64</sup> DESC provided 24 spreadsheets in the IRP Supplements which reflected the annual resources additions, resource retirements and resulting winter and summer reserve margins for each of the eight resources plan over a 30-year planning horizon.<sup>65</sup>

Witness Bell rebuttal testimony also provided for the recalculation of the report or retire analyses conducted on the Wateree Units.<sup>66</sup> These analyses were initially conducted after the 2020 IRP studies were completed and are based on different data sets and the studies are not part of DESC's 2020 IRP.<sup>67</sup> However, the studies have been changed to reflect certain errors identified in the ORS Report.

Of the items recommended by ORS to be changed in DESC's 2020 IRP, only one of the changes was not being made. Witness Sandonato suggested that the Company make changes to Item 23(g),<sup>68</sup> by including in its model an additional value for dismantlement costs, site restoration costs, and incremental transmission costs necessary for post-retirement voltage support for existing resources potentially subject to early retirement. The Company evaluated this request and

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<sup>64</sup> See Eric Bell's Rebuttal Testimony (page 3, lines 10-14) in Docket No. 2019-226-E.

<sup>65</sup> Id (page 3, lines 15-17).

<sup>66</sup> See Exhibit No.\_\_\_\_ (EHB-4) of Eric Bell's Rebuttal Testimony in Docket No. 2019-226-E.

<sup>67</sup> See Eric Bell's Rebuttal Testimony (page 4, lines 1-5) in Docket No. 2019-226-E.

<sup>68</sup> Item 23(g) - The Company should include dismantlement costs, site restoration costs, and incremental transmission costs necessary for post -retirement voltage support for existing resources, particularly resources studied for possible early retirement.

determined that it would likely result in double counting or overstating of costs, so declined to make such change.<sup>69</sup>

Witness Neely addresses in his rebuttal testimony DESC's decision to decline making suggested change to dismantlement costs, site restoration costs, and incremental transmission costs. Witness Neely stated, "DESC considered this suggestion but made no change in the analysis because the Cost of Removal ("COR") associated with an asset upon its retirement from service is included in the plant depreciation costs that are collected over the service life of the asset. When the asset is retired, the COR is charged against the depreciation reserve. No additional dismantlement costs are added because none has been identified at this time. Concerning incremental transmission costs, the cost of incremental transmission will vary depending on the location of the retired generation and the location of the new generation assets."<sup>70</sup>

Notwithstanding that testimony, witness Sandonato stated the Company did not make all of the recommendations he identified in his direct testimony. According to witness Sandonato, "[i]t is the Company's position the additional dismantlement costs, site restoration costs, and incremental transmission costs necessary to support post-retirement voltage for existing resources potentially subject to early retirement would double count or overstate the costs and the Company declined to incorporate the change in the IRP Supplement."<sup>71</sup>

Witness Neely also addressed ORS's recommendation regarding implementing a least cost optimization expansion planning model in its future IRP. Witness Neely stated, "DESC is in the process of implementing the PLEXOS model. DESC is actively pursuing making this change and

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<sup>69</sup> See Eric Bell's Rebuttal Testimony (page 6, lines 1-5) in Docket No. 2019-226-E.

<sup>70</sup> See James Neely's Rebuttal Testimony (page 19, lines 8-16) in Docket No. 2019-226-E.

<sup>71</sup> See Anthony M. Sandonato's Surrebuttal Testimony, (page 2, lines 10-15) in Docket No. 2019-223-E.

will keep ORS updated on its progress. Results using this model will be presented in a future IRP as soon as it can be implemented.”<sup>72</sup>

In Witness Sandonato surrebuttal testimony he states, “The purpose of my Surrebuttal Testimony is to set forth and support ORS’s recommendations and evaluation resulting from the examination and review of Dominion Energy South Carolina, Incorporated’s (“DESC” or “Company”) Supplemented Version of Chapter II.B.5 of the Dominion Energy South Carolina, Inc. 2020 Integrated Resource Plan (“IRP Supplement”) and the supplemental information filed in the Company’s rebuttal testimony and exhibits.”<sup>73</sup>

While ORS recommended that the Company be required to make certain modifications to its initially filed 2020 IRP ORS’s witness Sandonato testified that the Company’s 2020 IRP as revised met the required elements under Act 62 as codified at S.C. Code Ann. §58-37-40(B)(1).<sup>74</sup> Witness Sandonato prepared as part of his direct testimony a table that reflected the 19 specific modifications recommended to DECS by ORS.<sup>75</sup> Witness Sandonato stated that, “The specific modifications recommended by ORS including the corresponding item number as found in the Executive Summary of the Report...”<sup>76</sup>

### III. Findings of Fact and Conclusions of Law

Act 62 requires the Commission to determine the “most reasonable and prudent means of meeting the electrical utility’s energy and capacity needs as of the time the plan is reviewed.” Act

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<sup>72</sup> See James Neely’s Rebuttal Testimony (page 33, lines 13-17) in Docket No. 2019-226-E.

<sup>73</sup> See Anthony M. Sandonato’s Surrebuttal Testimony, (page 1, lines 20-23, and page 2, lines 1-2) in Docket No. 2019-226-E.

<sup>74</sup> See Anthony M. Sandonato’s Direct Testimony (page 8, line 39, and page 9, line 1) in Docket No. 2019-226-E.

<sup>75</sup> See Exhibit AMS-I of Anthony Sandonato’s Direct Testimony in Docket No. 2019-226-E.

<sup>76</sup> See witness Sandonato’s Direct Testimony (page 4, line 23-25) in Docket No. 2019-226-E.

62 provides seven (7) factors for the Commission to consider in the evaluation of the resource plans in the DESC IRP. Those (7) factors are as follows:<sup>77</sup>

- (a) resource adequacy and capacity to serve anticipated peak electrical load, and applicable planning reserve margins;
- (b) consumer affordability and least cost;
- (c) compliance with applicable state and federal environmental regulations;
- (d) power supply reliability;
- (e) commodity price risks;
- (f) diversity of generation supply; and
- (g) other foreseeable conditions that the commission determines to be for the public.

Act 62 also states that any resource plan accepted by the Commission “shall not be determinative of the reasonableness or prudence of the acquisition or construction of any resource or the making of any expenditure.” It further states that the utility retains the burden to prove in a future cost recovery proceeding that any investment and expenditure it makes is reasonable and prudent.

Pursuant to Act 62, Section 40 now requires the Commission to establish a proceeding to review each electric utility’s IRP. Sections 40(C)1 and (C) 2 states, “the Commission shall issue a final order within 300 days that approves the utility’s IRP as is, if the Commission “determines

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<sup>77</sup> S.C. Code Ann. §58-37-40(C), (2019).

that the proposed integrated resource plan represents the most reasonable and prudent means of meeting the electrical utility's energy and capacity needs as of the time the plan is reviewed.”<sup>78</sup>

On February 28, 2020, DESC filed its annual IRP updates with the Commission in this proceeding. After an extension review of DECS's filed IRP, the ORS made recommendations to the Company, with the Company accepting most of the ORS recommendations. However, “the Company's position the additional dismantlement costs, site restoration costs, and incremental transmission costs necessary to support post-retirement voltage for existing resources potentially subject to early retirement would double count or overstate the costs...”<sup>79</sup>

After consideration of the evidence presented by the parties, and based upon said evidence, the Commission finds the Company's revisions to its 2020 IRP (IRP Supplement) to be reasonable and prudent and hereby approves the IRP Supplement as set forth in the rebuttal testimony of DESC's witnesses Bell, Neely, and Lynch.

The Commission further finds that DESC must complete a planning process with stakeholders by its next filing on February 28, 2021, and provide all documentation reflecting its planning meeting(s) with stakeholders. As witness Bell confirmed in his rebuttal testimony, the Company was in support of creating a stakeholder process as recommended by the ORS.<sup>80</sup>

Based on the evidence presented through testimony and exhibits and entered into the record of this proceeding, the Commission finds that the Company's 2020 IRP, as revised by the IRP Supplement, is both reasonable and prudent and in compliance with the provisions of S.C. Code Ann. §58-37-40.

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<sup>78</sup> See page 10 Section Title Act 62 IRP Requirements of Review of Dominion Energy South Carolina's 2020 Integrated Resource Planning Report.

<sup>79</sup> See Anthony Sandonato's Surrebuttal Testimony,( page 2, lines 11-13) in Docket No. 2019-226-E.

<sup>80</sup> See Eric Bell's Rebuttal Testimony (pages 27-28, lines 16-4) in Docket No. 2019-226-E.



NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. The DESC 2020 IRP and Supplement filed with the Commission complies with the requirements of S.C. Code Ann. §58-37-40 and is hereby accepted by the Commission. This approval is conditioned upon the Companies agreement to conduct and document a planning process with stakeholders prior to the filing of the Company's 2021 IRP.

2. The Company is further directed to review and consider the additional recommendations provided by ORS witnesses in this docket in regard to the preparation and filing of the DESC 2021 IRP. Failure to follow or adopt these recommendations should be explained by the Company in its 2021 IRP filing.

3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

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Chairman Williams

ATTEST:

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Jocelyn G. Boyd, Chief Clerk

(SEAL)